



## Needs Assessment Committee

### **Meeting Minutes**

**Monday, December 12, 2005**

**160 North Main Street, Mayor's Large Conference Room, 8<sup>th</sup> Floor**

#### **Committee members present:**

Scott Fleming, Chairman

Nisha Powers, Secretary

David Pickler

Dr. Thomas Glass

Aubrey Howard

#### **Committee members absent:**

Nick Clark, Vice-Chairman

Cato Johnson, Vice-Chairman

Wanda Halbert

Commissioner Deidre Malone

Commissioner David Lillard

Jay Weatherington

#### **NAC Consultant:**

Carolyn Staskiewicz, DeJong

#### **School personnel present:**

Dr. Bobby Webb, Superintendent, SCS

Dr. Richard Holden, Assistant Superintendent, SCS

Carl Johnson, Memphis Board of Education Member

#### **Shelby County Administration and staff:**

John Fowlkes, CAO

Rick Copeland, Director, DPD

Grace Hutchinson, Deputy Director, Finance and Administration

Marion Jones, Senior Planner, DPD

#### **Visitor:**

Dr. Susan Roakes, U of M Dept. of City and Regional Planning

Chairman Fleming called the meeting to order at 9:25 AM.

### **Welcome and Introductions**

Despite the lack of a quorum, Chairman Fleming welcomed everyone back and proceeded with the agenda as planned.

Those in attendance introduced themselves.

Chairman Fleming stated the purpose of this meeting is to allow Shelby County Schools to make a presentation for an elementary/middle school in southeast Shelby County. The Shelby County Board of Commissioner sent Shelby County Schools back to NAC to make a recommendation on this proposal Memphis City Schools will present their 5 Year Master Plan at a later date: Mr. Marshall is expected to arrive and make a status report on the 5 Year Master Plan.

### **Review of 2004-2005**

Chairman Fleming felt it was important to go over the last years achievements in preparation for the coming year. The Shelby County Needs Assessment Committee first year can best be characterized as a survival- crisis mode as the committee tried to get its arms around the issues. NAC accomplished the following things in its first year:

- Adopted by-laws
- Visited schools in both school systems
- Hired our consultant, JAED/DeJong, and secured funding
- Reviewed MCS and SCS requests for certain funding
- Set uniform guidelines for square foot per student and cost per square foot
- Created a master list of Capital Expenditures (\$566 Million)
- Presented our report to the Shelby County Commission
- MCS and SCS reached a funding agreement (\$280 Million) that includes:
  1. \$180 Million for FY 06 that includes the southeast high school
  2. Shelby County Schools improvements include roofing of Chimneyrock
  3. City will receive \$80 Million in \$30 Million increments.
- Previous agreement funded \$77 Million - \$50 Million to MCS/ \$27 Million to SCS
- Executive Committee has met with Mayor Wharton

In summary, NAC had a good start its first year. The first year produced the momentum for an effective working committee and relationship between the school systems . The following was established:

- Framework for future approvals is in place.
- NAC has Mayor Wharton's blessings to continue.
- NAC has generated a dialogue between the school systems.

These accomplishments will be the stepping stones for this year's work.

Chairman Fleming asked if there were any comments or questions on last year's work.

Carl Johnson asked what else will be expected from MCS. Chairman Fleming responded the master plan will present individual capital expenditures. Tom Marshall will present the master plan in January.

Dr. Webb felt each school system learned a great deal about construction from each other.

Carl Johnson asked if MCS would be required to purchase schools built in annexation areas from SCS. Dr. Holden responded that there was no expectation of transfer of funds from MCS. (The School Compensation Agreement between the Shelby County Board of Education and Board of Education of the Memphis City Schools is attached.)

### **Shelby County Schools**

Chairman Fleming recognized Dr. Holden who presented the revised Five Year Plan. Attached is the PowerPoint presentation from the meeting.

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# Shelby County Schools Capital Needs and the SE Agreement

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## SCS Capital Improvement Progress in 2005

- Construction completed at Bailey Station Elementary (cost \$83/sq ft), Bon Lin Elementary (cost \$74/sq ft).
- Renovation continues at Collierville Elementary with anticipated completion date of March 2006
- Architectural plans underway for creative replacement for Mt. Pisgah Middle School, involves reuse of existing property (anticipated start date of construction June 2006)
- 2006-2011 Capital Improvement Plan approved by SCS Board of Education (November 2005)
- Landmark Joint Capital Agreement approved by both Boards of Education (June 2005)

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# SCS Capital Improvement Plan 2006-2011

(approved by SCS Board, November 17, 2005)

## CAPITAL IMPROVEMENT PROGRAM

**FY2006 - FY2011**

**Completion  
Dates\***

**PROJECTS**

<b>August 1, 2006</b>	Chimneyrock Roof Replacement	\$	1,000,000
<b>August 1, 2007</b>	New Southeast Area High School	\$	49,000,000
	New Southeast Area Elementary School	\$	12,000,000
	Addition Southwind Middle School	\$	2,000,000
	Addition Rivercrest Elementary	\$	2,000,000
	<b>TOTAL</b>	<b>\$</b>	<b>66,000,000</b>
<b>August 1, 2008</b>	Collierville Middle Renovation	\$	6,000,000
	Shadowlawn Middle Renovation	\$	4,000,000
	New Middle School SE Unincorporated Area	\$	12,000,000
	<b>TOTAL</b>	<b>\$</b>	<b>22,000,000</b>
<b>August 1, 2009</b>	Elmore Park Middle Replacement	\$	12,000,000
	New Middle School NE Bartlett Area	\$	12,000,000
	<b>Total</b>	<b>\$</b>	<b>24,000,000</b>
	<b>Subtotal 2006-2009 projects</b>	<b>\$</b>	<b>112,000,000</b>
	<b>Funding provided by Joint Funding Agreement</b>		

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# SCS Capital Improvement Plan 2006-2011

(approved by SCS Board, November 17, 2005)

## CAPITAL IMPROVEMENT PROGRAM

**FY2006 - FY2011**

<b>Completion Dates*</b>	<b><u>PROJECTS</u></b>		
<b>August 1, 2010</b>	New Elementary East Cordova	\$	12,000,000
	New Elementary Arlington/Lakeland Area	\$	12,000,000
	New Middle School SW Collierville	\$	12,000,000
	<b>TOTAL</b>	<b>\$</b>	<b>36,000,000</b>
<b>August 1, 2011</b>	Farmington Elementary Renovation	\$	3,000,000
	Dogwood Elementary Renovation	\$	3,000,000
	Germantown Elementary Renovation	\$	4,000,000
	New Middle School Arlington/Lakeland Area	\$	12,000,000
	New South Collierville Area High School	\$	50,000,000
	E. A. Harrold Elementary Replacement	\$	12,000,000
	<b>TOTAL</b>	<b>\$</b>	<b>84,000,000</b>
	<b>Subtotal 2010-2011 projects</b>	<b>\$</b>	<b>120,000,000</b>
	<b>Funding commitment pending</b>		
	<b>Grand Total SCS CIP 2006-2011</b>	<b>\$</b>	<b>232,000,000</b>

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## SCS Capital Improvement Plans for 2006

- Begin construction of replacement Mt. Pisgah Middle School
- Begin construction of SE high school
- Replace roof at Chimneyrock Elementary
- Make provisions for temporary classroom space
- Finalize plans for SE elementary/middle



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## Joint Capital Agreement Provides Innovative and Immediate Financing for Priority Capital Needs of both Systems identified by NAC in 2005

- SCS portion of funding agreement dollars will be used to construct a new high school in SE Shelby County to open August 2007
  - SCS portion of funding agreement dollars will also replace the roof at Chimneyrock Elementary School
  - Financing also approved for needed primary school in SE Shelby County
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## NAC and COUNTY COMMISSION

- The Joint Agreement provides that “3. The parties may also decide in lieu of a lease to provide other funding for the creation of an elementary/middle school in the southeast area of Shelby County.”
  - SCS has identified the need for this school as of utmost immediate priority on CIP
  - NAC identified in 2005 as a priority
  - The area is currently using 39 portable classrooms with more projected for 2006
  - SCS request NAC and County Commission’s assistance by recognizing need and prioritizing committed funds thereby facilitating the acquisition of property and the commencement of construction
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# Public Education

## Preparing Students for Tomorrow... Today



Dr. Holden stated the Joint Agreement addressed the funding of the southeast elementary/middle school. The Division of Finance and Administration stated in a letter that the lease was in the best interest of Shelby County Government. Thus, the lease with Schnuck's was not workable.

Mr. Howard asked if the request was a change in priorities? Chairman Fleming responded that the request does not change things, but rather recognizes the current situation and makes sense within the overall master plan. Mr. Pickler stated the FY 06 funding priorities for SCS and MCS were per the funding agreement.

Mrs. Hutchinson stated this was a one time agreement that also included the southeast high school and divides \$100 Million between the two school systems. With respect to

the southeast elementary/middle school, SCS will expend operating dollars. Since there is no lease for the southeast elementary/middle school, the parties can pursue other funding options.

Mr. Howard asked if the funds would be operating or capital fund or will MCS receive ADA share? Chairman Fleming referred to the question to Shelby County Government.

Mr. Johnson asked what the parameters are for new construction? Chairman Fleming responded that NAC had adopted square foot per student and cost per square foot standards.

Mr. Johnson asked if the proposal was a valid or invalid request. Chairman Fleming stated you must prove a need such as a number of portable classrooms. Dr. Holden said the southeast school is a valid request in 2 ways: 1) lease of store during construction and 2) build a new school. Dr. Holden committed to update the numbers in the master plan by the next meeting in January. Mr. Johnson said MCS has a number of portable classrooms and would like to be in the same discussion to build or renovate. Mr. Howard stated both schools systems are to adopt 5 year master plans. Mr. Johnson stated 1970 was a benchmark year for MCS. Chairman Fleming did not recall. Chairman Fleming felt the request by SCS was a valid request, but a quorum of NAC members was not present to make a decision. Mr. Howard suggested accepting the presentation as a proposal. Chairman Fleming asked Dr. Holden for a written report and an electronic copy of the PowerPoint presentation by the next week. Chairman Fleming will distribute the PowerPoint presentation to everyone.

There was a brief discussion on the role of NAC. All funding requests are submitted to the County Commission for funding. The Commission created NAC to receive, review and make funding suggestions.

Mrs. Powers stated the Executive Committee or Committee Members will sit down and meet with you. This is a significant proposal and needs to be understood by Memphis Board of Education Members.

(The Addendum Number One to Agreement Among Shelby, Tennessee, the Shelby County Board of Education and the Board of Education of the Memphis City Schools for CIP Funding and the Joint Cooperation and Settlement Between the Shelby County Board of Education and the Board of Education of the Memphis City Schools are attached.)

#### **Memphis City School (Report on Current Status of the 5 Year Plan)**

Mr. Marshall called the CAO's Office and left a message that due to a conflicting meeting, he would be unable to attend today's meeting. An update be given at the next meeting.

**DeJong, Inc. (Carolyn Staskiewicz)**

Mrs. Staskiewicz said last years work resulted in a joint funding agreement and she looks forward to continuing the communication started last year.

**Other Business**

There was no other business.

The meeting was adjourned at 10:20 AM.

Respectfully submitted,

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Nisha Powers, Secretary

Date

NP/mmj

Attachments

**JOINT COOPERATION AND SETTLEMENT AGREEMENT BETWEEN  
THE SHELBY COUNTY BOARD OF EDUCATION AND THE BOARD OF  
EDUCATION OF THE MEMPHIS CITY SCHOOLS**

This Agreement dated August 15<sup>th</sup>, 2005, between the SHELBY COUNTY BOARD OF EDUCATION, the board of education for the County ("County School Board"), and the BOARD OF EDUCATION OF THE MEMPHIS CITY SCHOOLS, a special school district existing pursuant to legislative charter of the State of Tennessee ("City School Board").

**WITNESSETH:**

**WHEREAS**, of even date herewith, the County School Board and the City School Board entered into an agreement with Shelby County Government (the "County") entitled "Agreement Among Shelby County, Tennessee, the Shelby County Board of Education the Board of Education of the Memphis City Schools for CIP Funding for Fiscal year 2006"(the "CIP Agreement"), which agreement provides for the distribution of \$100,000,000 Dollars of proceeds for bonds issued by Shelby County Government; and

**WHEREAS**, pursuant to Tenn. Code Ann. § 49-3-1003( c )(1), the City School Board is entitled to receive from the proceeds of any such series of bonds issued by the County an amount from said proceeds which shall bear the same ratio to the total amount of such proceeds which the weighted full-time equivalent average daily attendance of the Memphis City Schools for the year ending June 30, next preceding the sale of school bonds bears to the entire weighted full-time equivalent average daily attendance of all schools in the County for the year ending June 30, next preceding said sale ("WFTEADA portion"); and

**WHEREAS**, pursuant to said CIP Agreement the County School Board and the City School Board have agreed to a distribution formula for said \$100,000.000 Dollars of capital funding that

is not based on WFTEADA, thereby waiving the application of Tenn. Code Ann. § 49-3-1003(c)(1) as it relates to said bond funds; and

**WHEREAS**, as further consideration for the City School Board's acceptance and execution of said CIP Agreement and in an effort to resolve and settle certain current and future issues that effect both school boards, the County School Board and the City School Board desire to enter into this **Joint Cooperation and Settlement Agreement**.

### **WITNESSETH**

**NOW, THEREFORE**, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. There will be no compensation to Shelby County Schools for the transfer of Kate Bond Elementary by deed from the County School Board to the City School Board. Such deed shall be executed and delivered concurrently with the execution of this Agreement.
2. There will be no compensation to the County School Board upon transfer of Chimney Rock Elementary from Shelby County Schools to the City School Board. The Shelby County Board and the City School Board will mutually determine the timeframe for this transfer.
3. The parties hereto will execute, concurrently herewith, a school compensation agreement that will provide that no compensation will be due to the County School Board in the event of future annexations by the City of Memphis if the City School Board receives all of the students

and/or agrees to retain boundaries for a negotiated period of time. The agreement will further provide that if the City School Board does not receive all of the students such that the County School Board is still required to provide for the education of such students, then compensation, if any, shall computed in the same manner as provided in the 1984 Agreement between the two boards. Said compensation agreement is attached hereto and ~~incorporated herein by this~~ reference.

4. The County School Board will immediately dismiss with prejudice its lawsuit against the State Department of Education, et al., (Shelby County Board of Education, et al. v. State Department of Education, et al., Chancery Court of State of Tennessee, Twentieth District, Davidson County, Case No. 05-127-IV) and will not contest any future allocations to the City School Board by the Commissioner of Education in connection with any such future annexation. The City School Board and its contract lobbyists will actively and publicly support and lobby for passage of legislation during the current General Assembly that will provide for BEP funding to be based on current year ADM. It is hereby agreed that any change to the BEP funding basis will contain a "hold harmless" clause to protect school systems that are not experiencing high growth.

5. The City School Board and its contract lobbyists will also actively and publicly support and lobby for passage of legislation (SB 2062 introduced by Senator Mark Norris) that will permit the County School Board to convert to a special school district. All parties hereto acknowledge that SB 2062 removes the prohibition against the County School Board becoming a special school district and does not actually accomplish such a conversion. The actual



conversion will have to be accomplished by legislative approval of a separate private act that authorizes and establishes the Shelby County Special School District. All parties also hereby acknowledge and agree that the City School Board's endorsement of such a private act will only occur if additional research confirms that there will be no adverse financial consequences to Memphis City Schools by virtue of the creation of a Shelby County Special School District and also confirms that the taxpayers residing in the Memphis City Schools Special School District will not incur an additional tax burden necessitated solely by virtue of the creation of a Shelby County Special School District.

6. Simultaneously, the County School Board and its contract lobbyists shall actively and publicly support and lobby for a Private Act ( a copy of which is attached hereto) that amends the Charter of the City School Board to provide that the education tax rate be included in its Charter and that such tax be collected by the Shelby County Trustee .

7. After the dismissal of the desegregation case of Robinson v. Shelby County Board of Education, 442 F.2d 255, on remand 330 F.Supp 837, affirmed 467 F.2d 1187 (6th Circuit 1971), Shelby County Schools will accept student transfers from the Memphis City Schools on a space available basis with no tuition.

8. The Shelby County Board and City School Board hereby agree to cooperate in future funding scenarios in order to insure that the capital needs of each system are addressed. To this end, the Shelby County Board hereby commits that it will invest funds or waive its ADA share of proceeds that may be available to it under the next Shelby County CIP funding agreement in order that a future City School Board project may be fully funded because the cost of which exceeds then available CIP funds that the City School Board has on hand.. The amount of such

funds shall equal the total value of entitlement that the City School Board will not receive by virtue of its decision to enter into this present Agreement and the CIP Agreement. In the event that there is a dispute as to the valuation of same, then the issue shall be resolved by arbitration in the same manner as applicable to annexation disputes under present State law.

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The County School Board duly adopted the Resolution approving this Agreement and its execution and delivery by appropriate County School Board officials on June \_\_\_\_\_, 2005..

The City School Board duly adopted the Resolution approving this Agreement and its execution and delivery by appropriate City School Board officials on June 13, 2005.

IN WITNESS WHEREOF, The Parties hereto have caused this Agreement to be duly executed and delivered by their respective officials thereunto duly authorized as of the date first above written.

[seal]

BOARD OF EDUCATION OF THE  
MEMPHIS CITY SCHOOLS

ATTEST: \_\_\_\_\_  
[authorized signature]

By: Granda M. W. W. W.  
[name]  
[title] PRESIDENT

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY:

By: [Signature]

[seal]

SHELBY COUNTY BOARD OF  
EDUCATION

ATTEST: \_\_\_\_\_  
[authorized signature]

By: Bobby J. W. W.  
[name]  
[title] Superintendent

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY:

By: \_\_\_\_\_

**ADDENDUM NUMBER ONE TO AGREEMENT AMONG SHELBY  
COUNTY, TENNESSEE, THE SHELBY COUNTY BOARD OF  
EDUCATION AND THE BOARD OF EDUCATION OF THE  
MEMPHIS CITY SCHOOLS FOR CIP FUNDING.**

This Addendum Number One, dated August 15, 2005, among SHELBY COUNTY, TENNESSEE, a county of the State of Tennessee ("County"), the SHELBY COUNTY BOARD OF EDUCATION, the board of education for the County ("County School Board"), and the BOARD OF EDUCATION OF THE MEMPHIS CITY SCHOOLS, a special school district existing pursuant to legislative charter of the State of Tennessee ("City School Board").

**WITNESSETH:**

**WHEREAS**, The County is authorized, pursuant to Tennessee Code Annotated, Sections 9-21-101 to 151 and 49-3-1002 (collectively, "Act") to issue from time to time and in multiple series its general obligation school bonds inclusive of CAN's, CON's and other interim financing paper in order to better fund capital improvements and other projects for school systems throughout the County, including the City School Board special school district;

**WHEREAS**, Pursuant to Tenn. Code Ann. § 49-3-1003( c )(1), the City School Board is entitled to receive from the proceeds of any such series of bonds issued by the County an amount from said proceeds which shall bear the same ratio to the total amount of such proceeds which the weighted full-time equivalent average daily attendance of the City Schools for the year ending June 30, next preceding the sale of school bonds bears to the entire weighted full-time equivalent average daily attendance of all schools in the County for the year ending June 30, next preceding said sale ("WFTEADA portion");

**WHEREAS**, The undersigned Board of Education of the Memphis City Schools and the Shelby County Board of Education ("Parties") have entered into an Agreement whereby the remaining \$77,300,000 of the \$655,000,000 in bonds to be issued by Shelby

County Government are to be distributed during Fiscal Year 2006 based on the distribution specified in that Agreement;

**WHEREAS**, The Parties agree that the remaining \$77,300,000 in bonds is to be distributed in fiscal year 05-06. The City School Board shall accept such payment of \$57,300,000, together with the other agreements set out herein as representing its entire WFTEADA portion as required by Tenn. Code Ann. § 9-3-1003(c)(1). The County School Board shall accept such payment of \$20,000,000, together with the other agreements set out herein as representing its entire WFTEADA portion as required by Tenn. Code Ann. § 9-3-1003(c)(1).

**WHEREAS**, The Parties have entered into a Funding Agreement relative to \$100,000,000.00 to be utilized for a new high school in the southeast area, the roofing of Chimney Rock Elementary, and the funding of repairs and renovations to city schools and now desire to add this Addendum to that Agreement for the following reasons and provisions.

#### **I. FUNDING CONDITIONS AND PREREQUISITES**

- A. The Parties agree to the following funding conditions and prerequisites:
1. The County will attempt to lease or cause to be leased an elementary/middle school in the southeast area for joint use by both The City School Board and the County School Board on the same conditions as the Southeast Area High School (no WFTEADA for either system).
  2. The County will provide additional operating funds to the City School Board equal to the value of the lease payments for the

southeast area elementary/middle school. Such funding of extra operating will cease when operation of said school is turned over to the Memphis School Board.

3. The parties may also decide in lieu of a lease to provide other funding for the creation of an elementary/middle school in the southeast area of Shelby County.
4. Funds for this project distributed under this Agreement shall be presented to the County Commission which at its discretion may be submitted to the Needs Assessment Committee as per the Resolution adopted as Item No. 23 on the 10<sup>th</sup> day of March, 2003.[This will become 4 when strikeout is gone.]
5. All other provisions contained in the original Agreement referred to herein shall remain in full force and effect unless amended in writing by the parties.

The County School Board duly adopted Resolution No. 1 on June 14, 2005, approving this Addendum Number One and its execution and delivery by appropriate County School Board officials.

The City School Board duly adopted Resolution No. N/A on June 13, 2005, approving this Addendum Number One and its execution and delivery by appropriate City School Board officials.

This Addendum Number One is subject to the approval of the Board of County Commissioners of Shelby County, Tennessee.

IN WITNESS WHEREOF, The Parties hereto have caused this Addendum  
Number One to be duly executed and delivered by their respective officials thereunto  
duly authorized as of the date first above written.



APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY:

By: [Signature]  
County Attorney

SHELBY COUNTY, TENNESSEE

By: [Signature]  
Mayor

[seal]

SCHOOL BOARD OF THE CITY  
OF MEMPHIS, TENNESSEE

ATTEST: \_\_\_\_\_  
[authorized signature]

By: [Signature]  
[name]  
[title] PRESIDENT

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY:

By: [Signature]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed and delivered by their respective officials thereunto duly authorized as of the date first above written.

BOARD OF EDUCATION OF THE  
MEMPHIS CITY SCHOOLS

ATTEST: \_\_\_\_\_

By: Glenda M. Wainwright

Title: PRESIDENT

APPROVED AS TO FORM  
AND LEGAL SUFFICIENCY:

By: \_\_\_\_\_

SHELBY COUNTY BOARD OF  
EDUCATION

ATTEST: \_\_\_\_\_

By: Robert H. Webb

Title: Superintendent

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY:

By: \_\_\_\_\_

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## SCHOOL COMPENSATION AGREEMENT

This Agreement, dated 8/15, 2005, by and between the **SHELBY COUNTY BOARD OF EDUCATION**, the board of education for Shelby County, Tennessee ("County School Board"), and the **BOARD OF EDUCATION OF THE MEMPHIS CITY SCHOOLS**, a special school district existing pursuant to legislative charter of the State of Tennessee ("City School Board") (collectively "Parties").

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**WHEREAS**, of even date herewith, the Parties entered into an agreement with the Shelby County Government ("County") entitled "Agreement Among Shelby County, Tennessee, the Shelby County Board of Education and the Board of Education for the Memphis City Schools for CIP Funding for Fiscal year 2006" ("CIP Agreement"), which provides for the distribution of \$100,000,000 Dollars of proceeds for bonds issued by the County; and

**WHEREAS**, of even date herewith, the Parties entered into a Joint Cooperation and Settlement Agreement Between the Shelby County Board of Education and the Board of Education of the Memphis City Schools ("Joint Cooperation and Settlement Agreement") in order to resolve and settle certain current and future issues that effect both boards; and

**WHEREAS**, the Parties further desire to clarify the exact compensation arrangement between them in the event of future annexation by the City of Memphis ("City") of any Shelby County school site and associated facilities.

### WITNESSETH

**NOW, THEREFORE**, for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

1. (a) In the event of future annexation by the City of any Shelby County School site and associated facilities ("Shelby County School") and the City School Board is charged with educating 100% of the students then assigned to that particular Shelby County School at the time of said annexation, it is agreed that no compensation shall be paid by the City School Board to the County School Board.

(b) In the event of future annexation of any Shelby County School and the obligation remains with the County School Board to educate a percentage of the students then assigned to that particular Shelby County School at the time of said annexation, it is agreed that the County and the County School Board shall keep as full and final compensation for such properties a credit in an amount to be determined in the following manner: the original acquisition cost of the land plus construction costs and any improvements thereon depreciated on a twenty-five (25) year straight line basis, plus the original cost of the furniture, fixtures and equipment depreciated on a ten (10) year straight line basis ("Cost"). The Cost is then multiplied by the percentage of students

assigned to that particular Shelby County School at the time of annexation and will remain the responsibility of the County School Board after annexation to determine the amount due the County School Board ("Compensation"). (i.e., if 60% of the students then attending the Shelby County School at the time of annexation remain the responsibility of the County School Board after annexation, the City School Board is to pay as Compensation to the County School Board 60% of the Cost). Compensation shall contain no allowance for any appreciation or interest with respect to any item whatsoever.

2. Compensation to be paid pursuant to this Agreement shall be in the form of a credit against the City School Board's average daily attendance share of any future bond issue. In no event shall any cash payment be required from City of Memphis and/or City School Board to the County and/or County School Board with respect to the annexed Shelby County School. It is also agreed that all Shelby County Schools passing from the County and/or County School Board to the City and/or City School Board pursuant to the terms of this Agreement shall be deeded indefeasibly to the Board of Education of the Memphis City Schools by appropriate quitclaim deeds.

3. The invalidity of any provision of this Agreement shall not affect the validity of the remaining sections, clauses, or provisions of this Agreement.

4. This Agreement shall be construed, and the rights and duties of the parties hereto determined, in accordance with the laws of the State of Tennessee.

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